R1105-5.20 B

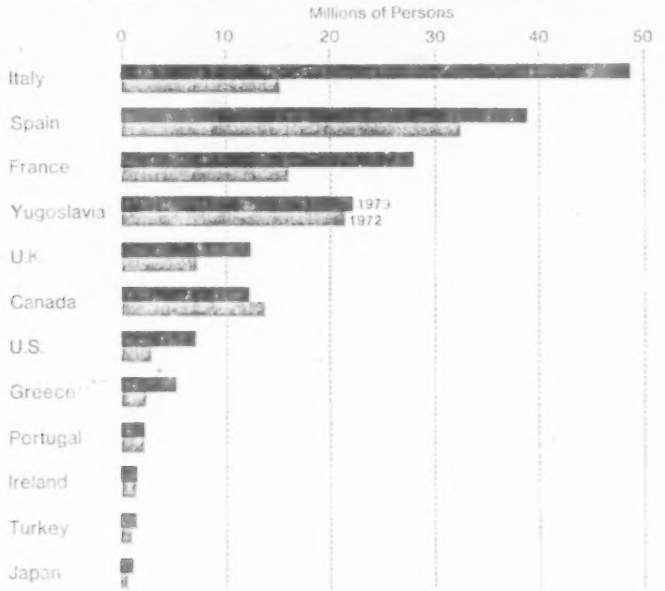
THE CONFERENCE BOARD

International Travel

Economic Road Maps
Nos. 1894 - 1895 January, 1981

Following an unprecedented expansion during the post World War II era, growth in international travel is showing signs of a slowdown. This is the result of worsening economic conditions in the industrialized countries, continually rising oil prices, high worldwide inflation rates, worsening unemployment, and in the case of U.S. travelers, a steadily deteriorating dollar. Still, the World Tourist Organization estimates tourist arrivals at 270 million in 1979, an increase of 4% over the previous year; receipts from tourists rose from $66 billion in 1978 to $77 billion in 1979.

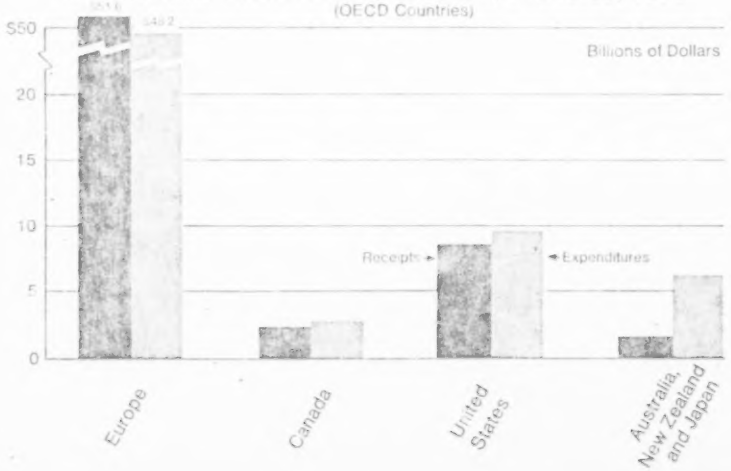
Number of Tourist Arrivals in Selected Countries



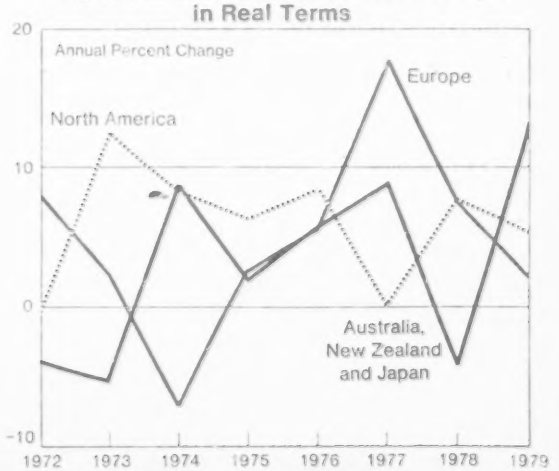
The 17% increase in receipts in 1979 was mainly the result of inflation and declining exchange rates for the dollar, in terms of which international tourist receipts and expenditures are expressed. OECD member countries accounted for over 80% of the total reported above; their receipts were $62.3 billion in 1979, while expenditures of their residents totaled $66.3 billion. In real terms, growth in international tourist receipts slowed down considerably last year, with the exception of the Australasia—Japan group. Receipts in North America rose only 5% compared with 8% in 1978, and the European OECD members had a rise of only 2% in 1979, compared with 7% in 1978 and 18% in 1977.

There was a decisive shift in travel patterns during the 1970's. For many years following WW II, Americans dominated the international travel market. Lately, however, travel by people from other countries has grown much more rapidly. In 1970, 22 million Americans went abroad, 5.2 million of whom went overseas; in 1979 the numbers were approx-

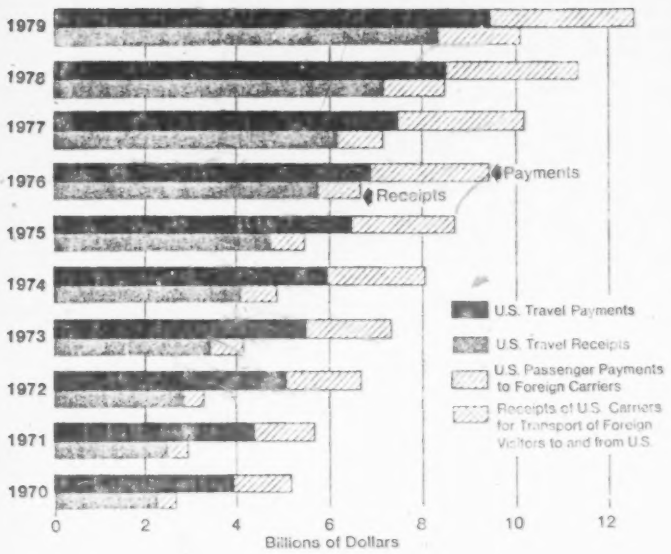
International Tourist Receipts and Expenditures, 1979
(OECD Countries)



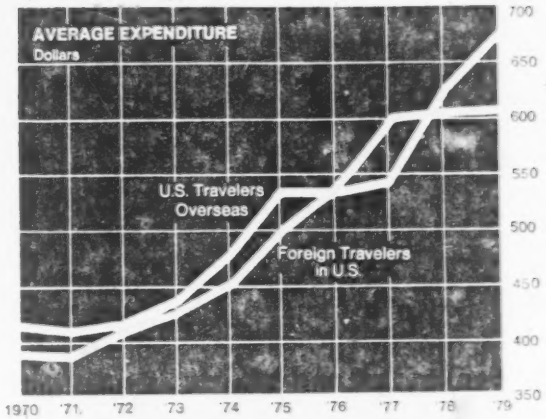
Trends in International Tourist Receipts in Real Terms

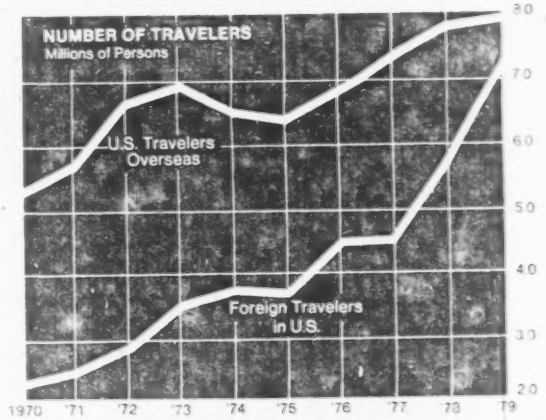


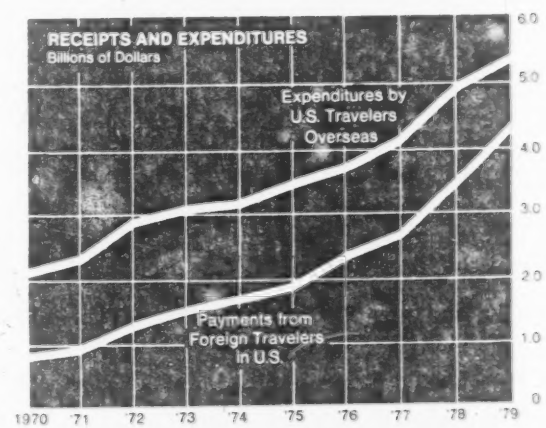
U.S. Payments and Receipts

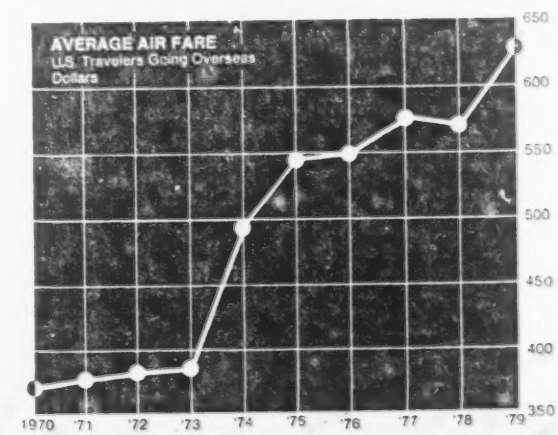


Overseas Travel









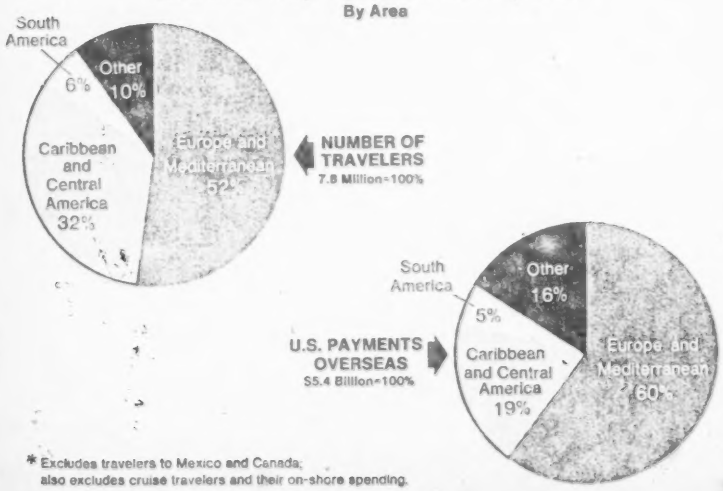
imately 23 million and 7.8 million, respectively. During the same period, the number of German tourists rose from 12 million to almost 23 million, while the number of Japanese travelers went from 600,000 to over 4 million. In terms of expenditures, the contrast is even greater: in 1971 U.S. travelers spent $4.3 billion, while German travelers spent $3.5 billion; in 1979, U.S. expenditures were $9.4 billion and those of Germans $18 billion.

The Mediterranean area remains by far the most popular place to visit. Italy, Spain, France, Greece, Portugal and Yugoslavia accounted for over half of the total 270 million tourist arrivals during 1979.

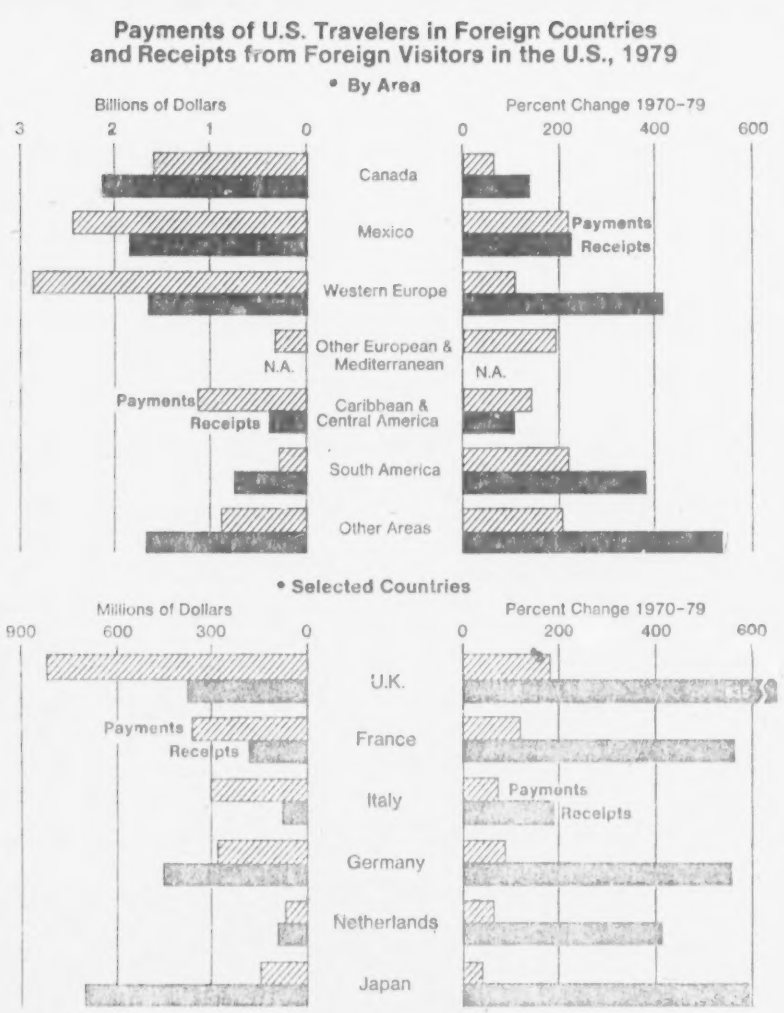
Another phenomenon in international travel during the 1970's has been the spectacular increase of overseas visitors to the United States. Their number has tripled since 1970, while the number of U.S. visitors overseas rose by only 50 percent. Recently, the growth has been especially fast with increases of 28% in 1978 and 25% in 1979. The reasons are easily identifiable—economic affluence, strong currencies that afford tourists excellent purchasing power against the dollar, low-cost fares, attractive package tours, and finally the perception that the United States is "where the action

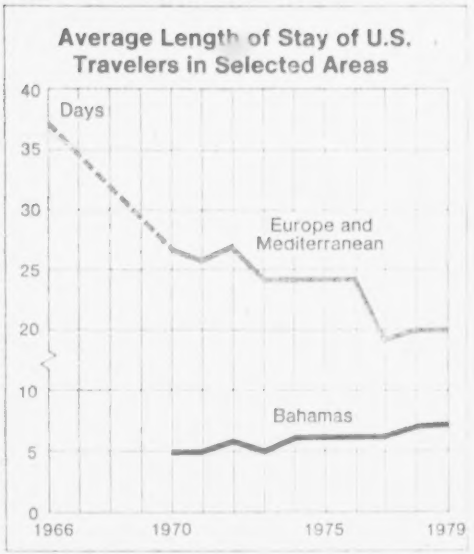
Number of U.S. Travelers and their Payments Overseas, 1979*

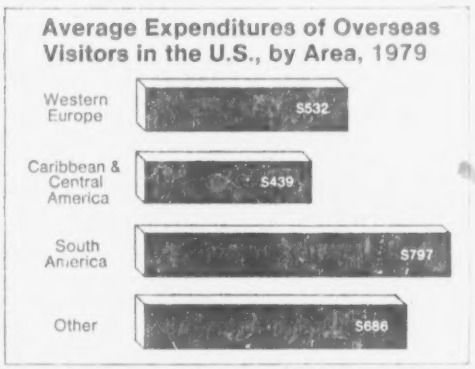
By Area

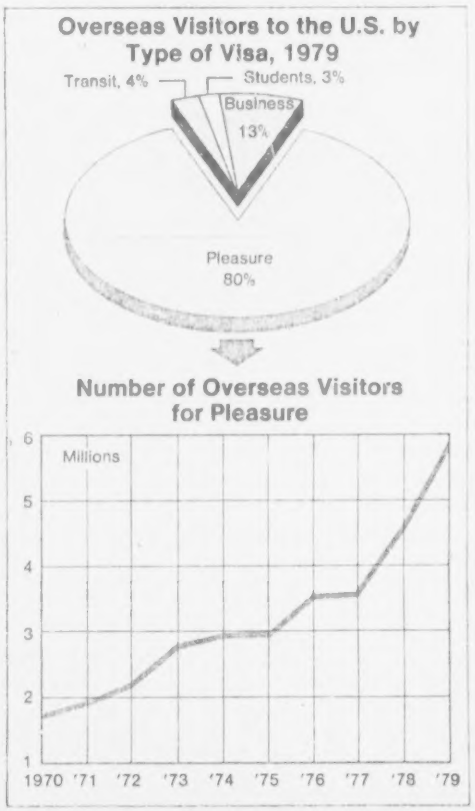


* Excludes travelers to Mexico and Canada; also excludes cruise travelers and their on-shore spending.







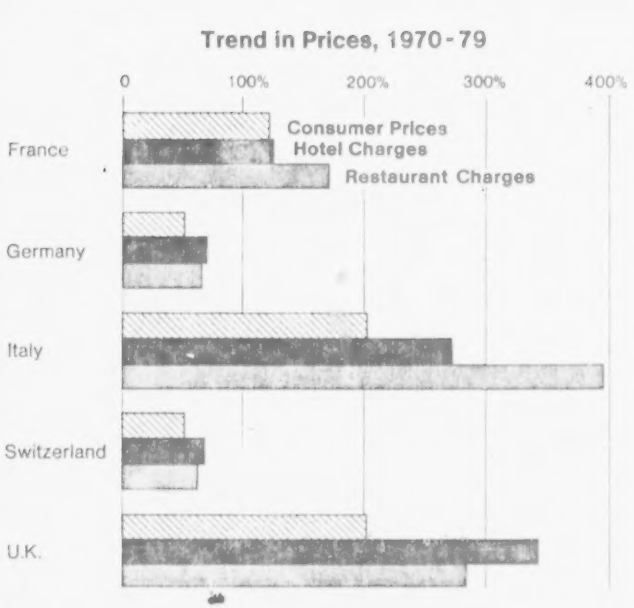


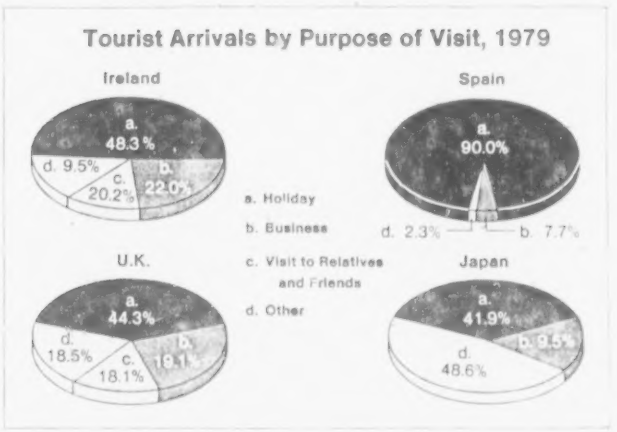
is." The largest numbers of overseas tourists came from the U. K., Germany, France and Japan. Of the over 20 million estimated visitors to the U.S. in 1979, over half came from Canada. Of the total U.S. travel receipts of $8.3 billion in 1979, approximately $2 billion each came from Canadian and Mexican travelers, and over $4 billion from overseas visitors. Receipts from Mexico have been rising much faster than those from Canada, but as a proportion of worldwide travel receipts, receipts from both Canada and Mexico fell—from 37% in 1970 to 25% in 1979 for Canada and from 25% to 22% for Mexico; overseas receipts increased from 38% to 53 percent.

Overseas visitors spend substantially larger amounts in the United States than do Canadians or Mexicans. Due to the distance they have to travel, their stay is apt to be longer, and their fare payments higher than those by visitors from the two neighboring countries.

U.S. tourists are still the single largest group in the world travel picture, but their travel patterns changed considerably in the 1970's. Buffeted by the continued loss of the dollar's value, compared with other currencies, coupled with inflation abroad as well as rising air fares brought about by the rise in oil prices, U.S. tourists have increased their spending while reducing the time they spend abroad and the number of countries they visit.

The principal destinations of U.S. tourists in 1979 were Canada, the U.K., France, Spain and Greece. Italy, for which no 1979 figure is yet available, was also a leading destination. But with the exception of Greece, where U.S. arrivals increased in 1979 by over 17%, travel by





Americans generally declined—down 12½% to the U.K., 10% to France, and 6% to Canada. Portugal, Turkey and New Zealand were the only other countries where the number of tourists from the United States increased.

Receiving countries regard tourism as an important economic and social factor; one that not only brings in foreign exchange, but also creates jobs and furthers the development of new areas.

The United States and Italy had the highest total receipts from tourism in 1979, with both earning over $8 billion. As a share in Gross Domestic Product, however, the U.S. receipts were only 0.3%, while Italy's were 2½ percent. The share was highest in Austria at 7.3%, followed by Greece with 4.2%, and Spain and Switzerland each with 3.7 percent.

In terms of export earnings, Spain, Greece and Austria each derived over 20% of their export receipts from tourism, followed by Portugal with over 18%, while the U.S. and German shares are in the vicinity of 3 percent.

Eva Culen

Sources: U.S. Department of Commerce; OECD; The Conference Board.

ECONOMIC ROAD MAPS

Eva Culen, Editor
Chuck N. Tow, Lead Chartist

Prepared in The Business Conditions Analysis Department—Lora S. Collins, Director
Prices for Quantities of this chart will be supplied on request to Information Service

Published by
THE CONFERENCE BOARD
845 Third Avenue, New York, N.Y. 10022

THE CONFERENCE BOARD OF CANADA
25 McArthur Road
Ottawa, Ontario, K1L 6R3, Canada

THE CONFERENCE BOARD IN EUROPE
Avenue Louise, 207 Bte 5
B-1050 Brussels, Belgium